



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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From: William T Fujioka  
Chief Executive Officer

## SACRAMENTO UPDATE - STATE-ONLY MEDI-CAL PROGRAM FOR IMMIGRANTS

### Executive Summary

This memorandum provides a report on **SB 1005 (Lara)** which, as introduced on February 13, 2014, would create a State-only Medi-Cal Program to provide health care coverage for persons who are not eligible for coverage because of their immigration status. The bill would also establish the California Health Exchange Program for All Californians, which would provide immigrants with the same health care coverage options and subsidies as for those who are enrolled through Covered California.

### Overview

**SB 1005 (Lara)**, which as introduced on February 13, 2014, would create a State-only Medi-Cal Program to provide health care coverage for persons who are not eligible for coverage because of their immigration status. The bill would also establish the California Health Exchange Program for All Californians, which would provide immigrants with the same health care coverage options and subsidies as for those who are enrolled through Covered California.

On January 1, 2014, California implemented provisions of the Federal Affordable Care Act (ACA). The rollout of the ACA includes the expansion of Medi-Cal benefits for eligible adults 18 through 64 years of age with incomes up to 133 percent of the Federal Poverty Level (FPL), and makes changes to the existing Medi-Cal Program by streamlining and simplifying the eligibility process for persons who are currently eligible. Under the

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Medi-Cal expansion, California is reimbursed at a 100 percent Federal match rate from 2014 through 2016, phasing down to a 90 percent Federal match by 2020. Federal reimbursement for Medi-Cal benefits covered under the existing program will continue to be matched at the 50 Federal/50 State rate.

Also as provided under the ACA, California implemented a Health Benefit Exchange, known as Covered California, where individuals may purchase health coverage. Covered California provides access to non-employer and small-employer health coverage, Federal health care subsidies, and Medi-Cal referrals. Covered California also offers Medi-Cal Bridge Plans which provide coverage to: 1) individuals with incomes below 250 percent of the FPL who, because of an increase in income, are transitioning from Medi-Cal coverage to subsidized care coverage; and 2) parents or caretaker relatives of Medi-Cal-enrolled children who themselves do not qualify for Medi-Cal. The Bridge Plans are intended to provide continuity of care for individuals who experience a disruption in Medi-Cal eligibility and to provide families with Medi-Cal-eligible children and subsidy-eligible parents the option to be covered by the same provider.

However, Federal law and the ACA generally prohibit persons who are not United States citizens or legal immigrants from eligibility to Medi-Cal. Leading up to the implementation of the ACA, various studies estimated that approximately 7.0 million Californians lacked health insurance. These studies also estimate that 4.0 million Californians are expected to be insured when health care reform is fully implemented and that an estimated 3.0 million statewide will remain uninsured, including approximately 1.0 million who will not be eligible due to their immigration status. In Los Angeles County, approximately 980,000 to 1.3 million residents will likely remain uninsured, and of that number, an estimated 360,000 to 380,000 will not be eligible for health care due to their immigration status.

As introduced, SB 1005 would create a State-only Medi-Cal Program to provide health care coverage for persons who are ineligible for coverage by reason of their immigration status. The State-only program would provide full-scope Medi-Cal benefits for eligible children and adults with incomes up to 138 percent of the FPL. Counties would be responsible for determining eligibility for the program.

**SB 1005 cites intent to finance these services with State-only funds if Federal financial participation is not available. However, as introduced, SB 1005 does not contain an appropriation or a mechanism for this purpose.**

For persons with incomes above Medi-Cal eligibility limits, SB 1005 would establish a health benefit exchange titled "California Health Exchange Program for All Californians," which would provide immigrants with the same coverage options and subsidies as those offered through Covered California. The California Health Exchange Program would operate as a separate, parallel entity to Covered California.

### **County Impact**

The Department of Health Services (DHS) reports that in FY 2012-13, the County's Hospital Emergency Departments cumulatively served 298,054 persons. According to DHS, the County's hospitals, community health centers and, to its knowledge, community partners do not specifically ask about an individual's immigration status, and thus, do not collect and report data regarding undocumented individuals' use of services. County facilities and community partners have eligibility workers who use questionnaires to determine if an individual qualifies for Medi-Cal or other health coverage. If eligible, patients are then provided assistance in obtaining coverage, as appropriate.

The Department of Health Services indicates that while the ACA will increase coverage for most residents, it will also bring cuts in the disproportionate share hospital (DSH) payments that have in the past offset some of the costs associated with uncompensated care provided to uninsured persons. Disparate insurance coverage, coupled with the DSH cuts may further strain the County's health care safety net.

The Department of Health Services notes that the County provides health care services to persons without insurance using a combination of Federal, State and County funds. SB 1005 would expand access to health care to persons who are not eligible for Medi-Cal or other government health programs due to their immigration status. DHS notes that upon implementation, this bill could potentially relieve the County of an existing financial burden to cover the costs associated with providing health care services to the uninsured and to undocumented persons in Los Angeles County. **However, because the bill does not include a funding mechanism, DHS is unable to determine the potential fiscal impact to the County.**

The Department of Public Social Services (DPSS) indicates that approximately 301,800 undocumented beneficiaries in Los Angeles County received limited-scope Medi-Cal coverage during the month of December 2013. Limited-scope benefits are restricted to emergency medical or pregnancy-related services only. Individuals with limited-scope Medi-Cal benefits are not eligible for preventive medical services or routine medical care. According to DPSS, if SB 1005 is enacted, this measure could increase the County's Medi-Cal caseload. Under the Medi-Cal Program, there is no direct net County cost impact for the program's administration, because it is entirely funded by State and Federal funds. **DPSS notes that the current version of SB 1005 does not provide details regarding the Administration's funding for eligibility to determine fiscal impact at this time.**

This office notes that it is unclear how SB 1005 would affect provisions in the FY 2013-14 State Budget Act which redirected \$300.0 million statewide in 1991 Health Realignment funding attributable to potential county savings from implementation of the State expansion of the Medi-Cal Program which became effective on January 1, 2014. The amount of 1991 Realignment funding redirected from Los Angeles County in FY 2013-14 is estimated to be \$88.6 million.

As reported in the July 3, 2013, Sacramento Update, and related to the redirection of 1991 Realignment funding, AB 85 of 2013, the Health Care Reform Implementation Financing Budget Trailer Bill, includes Los Angeles County-specific language developed by DHS and the Administration which to address the County's ongoing legal obligation to provide health care coverage for County residents who remain uninsured. Specifically, AB 85: 1) provides a calculation to guarantee a specified number of lives in the County's health care system; 2) pays 100 percent of the County's costs associated with the Medi-Cal expansion; 3) establishes a savings sharing ratio of 80 percent State to 20 percent County; 4) bases costs for purposes of determining the cap on costs on the County's Board-approved DHS budget; and 5) imposes a Maintenance of Effort on the County.

Based on the estimates cited above, approximately 360,000 to 380,000 persons in Los Angeles County may be eligible to receive health care coverage under SB 1005 based on their immigration status. However, an estimated 600,000 to 900,000 persons will still remain uninsured, and will continue to rely on the County's existing safety net to meet their health care needs.

### **Conclusion**

This office will closely monitor SB 1005 and will continue to work with DHS and DPSS to determine the potential County impact when more information becomes available.

Currently, there is no registered support or opposition for SB 1005. The bill is scheduled for a hearing in the Senate Health Committee on April 30, 2014.

We will continue to keep you advised.

WTF:RA  
MR:VE:ma

c: All Department Heads  
Legislative Strategist